

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**APRIL 13, 1995**

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, April 13, 1995. Members present were Messrs. Mark Hasten, Chairman, presiding, W. Paul Wolf, R. Douglas Grant, Tony Zaleski and Ms. Dee Godme. Also present for the Department were Charles W. Phillips, Director; Kirk J. Schreiber, Bank Analyst; Eric D. Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; James M. Cooper, Deputy Director, Depository Institutions; Mark K. Powell, Supervisor, Credit Unions; Mark K. Tarpey, Division Coordinator, Consumer Credit Division; and Ronda K. Bailey, Bank Secretary. Messrs. Lowery and Leitch were absent.

**I. PUBLIC SESSION**

- A.) Attendance
- B) Date of next meeting: May 11, 1995, at 9:00 a.m., EST.
- C.) A motion was made for approval of the minutes of the meeting held March 9, 1995, by Ms. Dee Godme and was seconded by Mr. Grant. The minutes were unanimously approved.

**DIVISION OF BANK AND TRUST COMPANIES**

**A.) American Heritage Banco, Inc., Fremont, Steuben County, Indiana**

An application was accepted for processing on February 28, 1995, whereby American Heritage Banco, Inc. ("American"), formerly known as San Jose Banco, Inc., seeks the approval of the Department to acquire 100% of the voting shares of The First National Bank of Fremont, Fremont, Steuben County, Indiana ("Fremont") pursuant to IC 28-2-16. American has requested that the Department hold a hearing upon the fairness of the terms, conditions, and provisions of the proposed acquisition of Fremont pursuant to IC 28-2-16-18. The public hearing cannot be held in less than 70 and not more than 100 days following the date on which the application was accepted for processing. The staff proposes that the hearing be scheduled for Thursday, May 11, 1995, at 2:00 p.m. E.S.T. and be held at the Indiana Government Center, 402 W. Washington Street, Indianapolis, Marion County, Indiana. The staff further proposes that the Members of the Department authorize either Charles W. Phillips, Director or James M. Cooper, Deputy Director to conduct the public hearing on behalf of the Members of the Department of Financial Institutions.

**A motion for approval of the hearing was made by Mr. Wolf and seconded by Mr. Zaleski.** The Members unanimously authorized either Director Phillips Deputy Director Cooper to conduct the public hearing on May 11, 1995 at the Indiana Government Center, 402 W. Washington Street, Indianapolis, Indiana.



## **DIVISION OF CONSUMER CREDIT**

- A) Information to the Members regarding licensing and examination of check cashers under the new check cashing law. **This was for informational purposes only.**

## **DIRECTOR'S COMMENTS AND REQUESTS**

- A) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are follows:

## **DIVISIONS OF BANK AND TRUST COMPANIES**

### **1) LAKE CITY BANK, WARSAW, KOSCIUSKO COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking Office to be known as "Concord Office lake City Branch." The proposed branch will be located at U.S. Highway 33, Goshen, Elkhart County, Indiana. The new branch facility will consist of approximately 1,348 square feet and will include three teller stations. The cost of the lot on which the branch is to be built is \$400M and the estimated cost of construction is \$350M. In addition, furniture, fixtures and equipment costs are estimated at \$133M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CARMEL rating as a result of an examination conducted by the FDIC as of May 23, 1994. The bank's three-year average ROA is 0.95%. As of December 31, 1994, the Tier 1 leverage capital ratio is 6.33%. The investment in total fixed assets to total capital will increase from 31.11% before the addition of the proposed branch to 33.54% following the proposed addition. This will be the institution's twenty-sixth branch. **The Director approved this on March 9, 1995, under Delegated Authority.**

### **2) THE BIPPUS STATE BANK, BIPPUS, HUNTINGTON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office to be known as "The Bippus State Bank, South Jefferson Street Office". The proposed branch will be located at 1303 South Jefferson Street, Huntington, Huntington County, Indiana. The proposed branch will consist of approximately 1,500 square feet, and will include three teller and three drive-up stations. The bank is purchasing the brick and mortar from Norwest Bank, Indiana N.A. for \$175M. Furniture, fixtures, and equipment costs are estimated at \$25M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL ratings as a result of an examination conducted by the FDIC as of December 12, 1994. The bank's three-year average ROA is 0.96%. As of December 31, 1994, the Tier 1 leverage capital ratio is 8.84%. The investment in total fixed assets to total capital will increase from 11.13% before the addition of the proposed branch to 16.13% following the proposed addition. This will be the institution's second branch. **The Director approved this on March 9, 1995, under Delegated Authority.**

### **3) DEMOTTE STATE BANK, DEMOTTE, JASPER COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office to be known as "Knox Banking Center-DeMotte State Bank." The proposed branch will be located at 1501 South Heaton Avenue, Knox, Starke County, Indiana. The proposed branch is a 2,260 square foot, one story, brick building and will include six teller stations, three interior and three drive-up. The bank is purchasing the brick and mortar from Indiana Federal Bank of Savings, Valparaiso, for \$270M. Furniture, fixtures, and equipment costs are estimated at \$40M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDI as of January 8, 1994. The Bank's three-year average ROA is 1.39%. As of December 31, 1994, the Tier 1 leverage capital ratio is 9.15%. The investment in total fixed assets to total capital will increase from 16.60% before the addition of the proposed branch to 18.96% following the proposed addition. This will be the institution's sixth branch. **The Director approved this on March 9, 1995, under Delegated Authority.**

4) **FARMERS STATE BANK, NEW ROSS, MONTGOMERY COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office to be known as "Farmers State Bank-Roachdale Branch." The proposed branch will be located at the Southwest Corner of Indiana and Washington Streets, Roachdale, Putnam County, Indiana. The proposed branch is a 1,344 square foot, one story, brick building, and will include four teller stations, three interior and one drive-up. The bank purchased the property from James Ross, Roachdale, Indiana, for \$26M. The estimated cost for construction of the branch is \$250M. Furniture, fixtures, and equipment costs are estimated at \$100M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDIC as of March 31, 1994, the Tier 1 leverage capital ratio is 16.10%. The investment in total fixed assets to total capital will increase from 13.84% before the addition of the proposed branch to 24.33% following the proposed addition. This will be the institution's second branch. **The Director approved this on March 9, 1995, under Delegated Authority.**

5) **INDIANA STATE BANK OF TERRE HAUTE, TERRE HAUTE, VIGO COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The purpose of the request is to permit the bank to pay dividends to its sole shareholder, Old National Bancorp, Evansville Indiana, totaling \$13 million in 1995. As of December 31, 1994, the bank's Tier 1 capital ratio is 21.06%. On a pro forma basis as of the same date, the Tier 1 capital ratio declines to 10.06% taking into consideration a one time \$413 million dividend. Actual dividends will be paid on a quarterly basis. The bank's average three-year ROA is 1.36%. **The Director approved this on March 22, 1995, under Delegated Authority.**

6) **STATE BANK OF BURNETTSVILLE, BURNETTSVILLE, WHITE COUNTY, INDIANA**

State Bank of Burnettsville has filed a request for permission to acquire its own shares

pursuant to IC 28-13-3-3. It will acquire 120 shares of its own, \$10000 par value, common stock for a purchase price of \$1,100.00 per share. Pursuant to an agreement authorized by the Board of Directors at a special meeting held on January 23, 1995, the bank will purchase and retire 120 currently outstanding shares of common stock. As of December 31, 1994, the bank's Tier 1 capital ratio is 11.025. On a pro forma basis as of the same date, the Tier 1 capital ratio declines to 10.46% as a result of the \$132 thousand purchase price. **The request was approved by Action Taken by the Director on March 22, 1995.**

7) **STATE BANK OF BURNETTSVILLE, BURNETTSVILLE, WHITE COUNTY, INDIANA**

State Bank of Burnettsville has filed Articles of Amendment of the Articles of Incorporation to amend Article 3 of its Articles of Incorporation pursuant to IC 28-13-14. Pursuant to an agreement authorized by the Board of Directors at a special meeting held on January 23, 1995, and ratified by the shareholders at a special meeting held on February 15, 1995, the bank will purchase and retire 120 currently outstanding shares of common stock. As a result, the number of authority shares of 4100.00 par value common stock will be reduced from 1,500 shares to 1,380 shares. The amended Article 3 will read as follows: "The amount of capital stock of said bank shall be \$138,000.00 to consist of One Thousand Three Hundred and Eighty Shares having a par value of \$100.00 each." **The request was approved by Action Taken by the Director on March 22, 1995.**

8) **STAR FINANCIAL BANK, MARION, GRANT COUNTY, INDIANA**

The bank has applied for approval to relocate a branch office from 1225 Wabash Avenue, Marion, Grant County, Indiana to 1127 North Baldwin, Marion, Grant County, Indiana. The branch office name will be changed from "Kem Road Office" to "North Baldwin Office." The proposed site is a 3,4000 square foot, one story, brick building. It includes seven teller stations, four interior and three exterior. The bank will be leasing the land and building from B & M Investors Corporation, Marion, Indiana. Three directors of the bank are directors of B & M Investors Corporation. The transaction is considered to be negotiated at arms-length. The lease for the land and building call for an annual rental of \$36,000. The terms of the lease call for monthly rental of \$3,000 for five years plus options to renew for three extensions at five years each. It is estimated that there will be \$379,000 worth of leasehold improvements to make the site into a banking facility. In addition, furniture, fixtures, and equipment costs are estimated at \$55,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of November 18, 1994. The bank's three-year average ROA is 0.88%. As of December 31, 1994, the Tier 1 leverage capital will increase from 17.21% before the proposed relocation to 23.51% following the proposed relocation. **The Director approved this on March 31, 1995, under Delegated Authority.**

9) **STAR FINANCIAL BANK, MARION, GRANT COUNTY, INDIANA**

The bank has applied for approval to relocate a branch banking office from 2836 South Western Avenue, Marion, Grant County, Indiana, to 2948 South Western Avenue, Marion, Grant County, Indiana. The branch office name will be changed from "Valley Avenue, Grant County, Indiana. The branch office name will be changed from "Valley Avenue Office" to "South Western Avenue Office." The proposed site is a 3,099 square foot, one story, wood

and stucco building. It includes seven teller stations, four interior and three exterior. The bank will lease the land from B & M Investors Corporation, Marion, Indiana. Three directors of the bank are directors of B & M Investors Corporation. The transaction is considered to be negotiated at arms-length.. The lease calls for monthly rental of \$2,000 for five years plus options to renew for three extensions at five years each. The estimated cost for construction the branch is \$400,000. In addition, furniture, fixtures, and equipment costs are estimated at \$55,000. The bank must move from the current facility immediately due to the sale of the property by the owner. A temporary facility has been located adjacent to the current location and will be leased by the bank from B & M Investors Corporation. The lease calls for a monthly rental of 1,225. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of November 18, 1994. The bank's three-year average ROA is 0.88%. As of December 31, 1994, the Tier 1 leverage capital ratio is 8.02%. The investment in total fixed assets to total capital will increase from 17.21% before the proposed relocation to 23.51% following the proposed relocation. **The Director approved this on March 31, 1995, under Delegated Authority.**

### **DIVISION OF CREDIT UNIONS**

1) **ELKHART COUNTY FARM BUREAU CREDIT UNION, GOSHEN, ELKHART COUNTY, INDIANA**

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Yoder Woods, Inc. – Millersburg –40 members

Greencroft Inc. – Goshen – 550 members

**The Director approved this on May 5, 1997, under Delegated Authority.**

### **CONSUMER CREDIT DIVISION**

- 1) A request has been made by EQ Financial, Inc., Chicago, Illinois for a consumer loan licenses. They will be making second mortgage real estate secured loans using local title companies for closing. They may also make other types of consumer loans and purchase retail contracts. At this time, they will not have any locations in Indiana. They are currently licensed by the Department of Financial Institutions in Illinois. All references are in order. It is recommended that the licenses be approved. **The Director approved this on March 2, 1995, under Delegated Authority.**
- 2) A request has been made by Pak-N-Ship, Inc., Terre Haute, Indiana for a check cashing license. They want to add a check cashing service to the various services that they now offer. All references are in order. There will be just one location. It is recommended that the license be issued. **The Director approved this on March 2, 1995, under Delegated**

**Authority.**

- 3) A request has been made by Cash America, Inc. of Indiana d/b/a Cash America Pawn of Indianapolis for a pawnbroking license. Cash America is the largest pawnshop operator in the world with over 226 stores in eight states. Cash America stock is traded on the NYSE. No objections were offered by local law enforcement. It is recommended that the license be approved. **The Director approved this on March 2, 1995, under Delegated Authority.**
- 4) A request has been made by First National Mortgage Company, Evansville, Indiana for a consumer loan license. They are currently licensed as a loan broker. They are obtaining the consumer loan license to give them the option of making direct loans of all types. It is recommended for approval. **The Director approved this on March 27, 1995 under Delegated Authority.**
- 5) A request has been made by Fast Funds Financial, Ltd. It is currently licensed as a check casher. They are obtaining the loan license to make small, single pay, short-term loans. They will be based at one location in Indianapolis. It is recommended for approval. **The Director approved this on March 27, 1995, under Delegated Authority.**
- 6) A request has been made by First City Finance, Inc. for a consumer loan license. It is based in Saugus, MA. They are obtaining the loan license to make direct consumer loans on automobile financing. All references are in order. **The Director approved this on March 27, 1995, under Delegated Authority.**
- 7) A request has been made by First City Acceptance Corporation for a consumer loan license. This company shares the same ownership and management as First City Finance. They are obtaining the loan license for possible future use in making direct consumer loans. It is recommended for approval. **The Director approved this on March 27, 1995, under Delegated Authority.**
- 8) A request has been made by EZ Pawn Indiana, Inc. d/b/a EZ Pawn for three pawnbroking license. All three locations will be in Indianapolis. EZ Pawn Indiana Inc. is an operating subsidiary of EZ Corp., Inc. a holding company which currently owns and operates over 245 pawnshops in ten states. EZ Corp is publicly traded on the NASDAQ exchange. No objections were offered by local law enforcement. It is recommended for approval. **The Director approved this on March 27, 1995, under Delegated Authority.**
- 9) A request has been made by EZ Pawn Indiana, Inc. d/b/a EZ Pawn for a pawnbroking license. The location is in Indianapolis. EZ Pawn Indiana Inc. is an operating subsidiary of EZ Corp., Inc. a holding company which currently owns and operates over 245 Pawnshops in ten states. EZ Corp is publicly traded on the NASDAQ exchange. No objections were offered by local law enforcement. It is recommended for approval. **The Director approved this on April 6, 1995 under Delegated Authority.**

- 10) A request has been made by Creditcorp of Indiana d/b/a Check into Cash for a consumer loan license. It is based in Cleveland, Tennessee. They plan to have locations in Anderson and Muncie, at least initially. They will be making small, short-term, pay-day type loans. They are aware of all applicable Federal and state requirements on these loans. All references are in order. It is recommended for approval. **The Director approved this on April 6, 1995 under Delegated Authority.**
- 11) A request has been made by Novle Finance Corp. for a consumer loan license. This is a part of your Credit, Inc. who is requesting a separate loan license. The company plans to operate under both entities at locations to be determined throughout Indiana. Loan will be secured by personal property and automobiles. All references are in order. This entity currently operates in twelve states. It is recommended for approval. **The Director approved this on April 6, 1995, under Delegated Authority.**
- 12) A request has been made by Indiana Pawnbrokers, Inc. For a pawnbrokers license. It is based in Angola. Applicant currently operates a jewelry business in Angola. All references are in order. No objections were offered by local law enforcement. It is recommended for approval. **The Director approved this on April 6, 1995, under Delegated Authority.**
- 13) A request has been made by Option One Mortgage Corporation for a consumer loan license. It is based in Santa Ana, CA. They operate in twenty states. The license is being obtained to make second mortgage loans in Indiana using local title companies as closing agents. The company was just purchased by Fleet National Bank. They were owned by Pizza Home Mortgage Bank, FSB. It is recommended for approval. **The Director approved this on April 6, 1995 , under Delegated Authority.**
- 14) Gains Financial Services acting as administrator for Paul Harvey Ford is requesting approval for a Quaranteed Auto Protection program. The agreement will provide standard GAP coverage. It includes the customer's deductible up to \$500. There is a 30 day "free-look" period. Gains Financial will have a contractual liability policy issued through Alpha Property & Casualty Insurance Company of Shawano, WI. This policy has been filed with the Indiana Department of Insurance. There is no rebate upon prepayment. The cost to the customer will not exceed \$375. All future dealers will agree to abide by the same future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)©

**There being no further business to come before the Members the meeting was adjourned.**



**APPROVED:**

**ATTEST**

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**Mark Hasten, Chairman**

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**J. Philip Goddard, Secretary**